



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** on **Wednesday 7 May 2014**.

The decisions will come into force and may be implemented from **MONDAY 19 MAY 2014** unless the Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Housing Stock Transfer Offer Document [Key Decision: R&ED/06/14]

Summary

The Cabinet considered a joint report of the Corporate Director, Regeneration and Economic Development and Corporate Director, Resources which sought approval of the Council's proposed Offer Document to begin formal consultation with all secure and introductory tenants on the transfer proposal.

The council decided to apply to the Government for agreement and financial support to transfer ownership of its homes to a group structure of its existing housing management organisations in December 2012. If tenants support the proposal and the Secretary of State provides formal consent to the transfer in March 2015, the council will transfer ownership of its homes to Durham City Homes (which will, prior to transfer become a separate entity to the Council), East Durham Homes and Dale & Valley Homes. These organisations would then become landlords, but would work together as a group (the County Durham Housing Group) to maximise investment in homes, neighbourhoods and services.

The proposed new County Durham Housing Group would also include a parent organisation which would be responsible for leading on governance and financial viability issues for the Group and providing support services to the three new landlords.

The council's application to transfer its homes was approved by the Department for Communities and Local Government (DCLG) in March 2014. Following this approval, the council is now able to proceed with formal consultation with all of its tenants on its proposal to transfer ownership of its homes in the summer of 2014. The DCLG have asked the council to complete the transfer of its homes by 31 March 2015, if it is to access the financial support it requires. To meet this challenging timescale, the council has started to shape the proposed new group of landlords now so services can continue seamlessly following the transfer should it go ahead.

The Government approved the Council's application to transfer its homes in March 2014. The Government also agreed to the write off of the Council's housing debt on the understanding that the Council would complete the transfer of its homes by the 31 March 2015.

The Council is able to proceed to formal consultation with all of its tenants on its transfer proposal. The formal consultation process is set out in legislation and requires the Council to ensure its consultation material (primarily the Offer Document) makes clear the background to the decision to transfer homes; the implications of the transfer proposal for tenants; and the likely outcome if tenants do not support the proposal at a ballot.

The Council has developed its Offer Document in partnership with tenants, staff, Board members and other key local partners. The Offer Document has been endorsed by the HCA, the Boards of the County Durham Housing Group, Dale & Valley Homes, Durham City Homes and East Durham Homes and the Customer Working Group.

The Council proposes to use a variety of communication and consultation methods to engage with its tenants on its proposal to transfer its homes and encourage them to participate in a ballot on the proposal.

The Offer Document includes the draft Assured Tenancy Agreement, which would apply if the transfer was to go ahead. The Assured Tenancy Agreement has been developed in partnership with the Customer Working Group who recommend that the Council includes a variety of clauses in the new Agreement to enhance the provisions made in the new Tenancy Agreement.

Decision

- The Cabinet noted and agreed the final draft of the Council's formal Offer Document to tenants.
- The Cabinet delegated responsibility for the making of further amendments to the Offer Document, prior to formal consultation beginning (should it be required), to the Corporate Director for Regeneration and Economic Development in consultation with the Portfolio Holders for Finance, and Economic Regeneration.
- The Cabinet agreed to proceed Stage 1 of the formal consultation with all tenants on its proposal to transfer its homes.
- The Cabinet noted that the outcomes of Stage 1 of the formal consultation will be reported back to Cabinet on 16 July 2014.

Future of the Housing Repairs and Maintenance Direct Labour Organisation [Key Decision: R&ED/05/14]

Summary

The Cabinet considered a joint report of the Corporate Director, Regeneration and Economic Development and the Corporate Director, Neighbourhood Services which

proposed the transfer of the Council's Durham Housing Maintenance Direct Labour Organisation (DLO), currently providing the repairs and maintenance function to Durham City Homes (the Council's in-house provider), to the new County Durham Housing Group should the large scale voluntary transfer of the Council's housing stock take effect in March 2015.

The Council decided to apply to the Government for agreement and financial support to transfer ownership of its homes to a group structure of its existing housing management organisations in December 2012. If tenants support the proposal and the Secretary of State provides formal consent to the transfer in March 2015, the Council will hand ownership of its homes to Durham City Homes (which will, prior to transfer become a separate entity to the Council), East Durham Homes and Dale & Valley Homes. These organisations would become landlords, but would work together as a group. The proposed new group would also include a Parent Organisation which would be responsible for leading on governance and financial viability issues and providing support services to the three new landlords.

The Council's application to transfer its homes was approved by the Department for Communities and Local Government (DCLG) in March 2014. Following this approval, the Council is able to proceed with formal consultation with all of its tenants in the summer of 2014 on its proposal to transfer ownership of its homes. The DCLG have asked the Council to complete the transfer of its homes by 31 March 2015, if it is to qualify for the cost of writing off its housing debt. To meet this challenging timescale, the Council must start to shape the proposed new group of landlords now so services can continue seamlessly following the transfer.

Durham Housing Maintenance (the DLO) is a service within Direct Services and part of the Neighbourhood Services Grouping. It is a discrete service, that currently undertakes reactive repairs, voids, gas servicing and Decent Homes/capital works, including heating installations and internal improvements (kitchens, bathrooms, rewiring) on behalf of Durham City Homes (an in-house provider based in the Regeneration and Economic Development Service Grouping). Durham Housing Maintenance (the DLO) also undertakes gas servicing on behalf of Dale & Valley Homes under a Service Level Agreement (SLA).

Dale & Valley Homes and East Durham Homes have commissioned external private sector contractors to provide their repairs and maintenance service and these contracts are in place until 2017/18.

The Council is responsible for assessing the effect of the transfer on its wider position and activities and its implications for services and employees. It is particularly important that the Council decides now whether Durham Housing Maintenance should transfer to the proposed new group of landlords if it is to:

- Provide certainty and reassurance to the employees working for Durham Housing Maintenance on their future employment arrangements;
- Start to put into place the arrangements required to support the transfer of the service to the proposed new group of landlords and assist the service in expanding and improving.

- Identify the further beneficial changes to services that could be made to support Durham Housing Maintenance in growing and expanding their services in the proposed new group of landlords.

The Council commissioned a commercial housing consultancy, to complete an independent health check of Durham Housing Maintenance in September 2013. The health check was intended to assist the Council and the proposed new group of landlords to determine the performance of the service and whether the housing repairs and maintenance DLO should transfer into the proposed new group of landlords, having considered performance and efficiency and to determine any required actions to improve the service.

The consultants reported their findings in November 2013 which show that Durham Housing Maintenance (the DLO) offers value for money; has the potential to deliver further improvements; and has the necessary management and leadership skills and systems that make it suitable to transfer to the proposed new group of landlords.

Legal advisers considered the positive outcomes of the independent health check and recommend that Durham Housing Maintenance transfers to the Parent Organisation in the proposed new group of landlords. The benefits of the transfer of the service to the Parent Organisation would include:

- A straight forward expansion of the service on a group wide basis in the future;
- The provision of reassurance to the existing workforce on their situation in the proposed new group and potential for development in the future;
- VAT benefits for the group.

The proposed transfer of the service will impact on some 80 employees within Durham Housing Maintenance who (should the transfer go ahead) will transfer to the new provider, and be protected by the provisions of TUPE legislation. Work is ongoing in this area to determine the exact implications and also to consider the impact on employees engaged in work on other related areas associated with the service, such as customer services, stores provision, fleet management and maintenance.

The proposed transfer of the service will have financial implications for the Council, which will exert pressure primarily on the Council's Neighbourhood Services Grouping although provision has been made in the Council's MTFP to meet any pressures from 2015/16 onwards in relation to the transfer of this function.

Decision

The Cabinet agreed to transfer Durham Housing Maintenance to the proposed new County Durham Housing Group of landlords as part of the transfer of the Council's housing stock by March 2015.

Hitachi Rail Europe

Summary

The Cabinet considered a report of the Corporate Director, Regeneration and Economic Development which provided details of the Hitachi Rail Europe investment into County Durham and other significant projects in strategic companies in County Durham.

In 2009, HRE began seeking a site in the UK to construct a factory in which the company could build trains to win and fulfil contracts in Europe. Although County Durham was not on the original shortlist, sustained partnership working across a group of public and private sector organisations ensured that County Durham was in the frame. This group included the then County Durham Development Company (since merged with Durham County Council's Business Services to create Business Durham), Durham County Council (DCC), Phil Wilson MP, the Northern Echo, the Engineering Employment Federation, the TUC, One North East and, critically, the developer Merchant Place Developments (MPD). This strong partnership, and the subsequent relationship between MPD, Business Durham and DCC, has been instrumental in securing the project for County Durham. Both MPD and DCC view this as an exemplary project in terms of the private and public sectors working together to increase economic prosperity.

In May 2012, HRE, as part of the Agility Trains consortium, was awarded a £5.8BN contract by the UK government to finance, design, manufacture, maintain and service the next generation of intercity carriages to improve the UK's mainline rail services. HRE announced its intention to locate in Newton Aycliffe, at the then Amazon Park (since renamed Merchant Park).

The impact of this investment is significant. The total in terms of capital investment attracted to the County is estimated to be £82M direct, with indirect investment into local companies which win contracts to supply the construction or HRE itself. At least 730 jobs will be created, with a further 150 construction jobs on site. Nearly 900 new carriages will be made in a factory with a production capability including high-speed trains, commuter trains and metro trains. The decision by HRE was based on a number of factors: a strong engineering and manufacturing ethos in County Durham; site location; road and rail infrastructure; access to the East Coast Main Line; suitability and cost of the development site; the support that the company received from local partners, and the "can-do" attitude of MPD.

In late 2013, the construction contract was awarded to Shepherd Construction, a Darlington-based company, which was chosen based on its commitment to carefully gathering insight into HRE's specific requirements before proposing exactly how the large and complex scheme could be delivered. Shepherd displayed a comprehensive understanding of what the facility had to achieve and HRE's exceptional standards in building trains. This builds on the existing design team of consultants based in the North East, and the subsequent award of the steel contract to Finley Structures in Newton Aycliffe further highlights the commitment to the North East. The completion of the facility is due in mid-2015. Business Durham and Durham County Council will continue to support the project as outlined above and will keep Members up to date as milestones are reached.

The report focused on the Hitachi Rail Europe project itself, however, this is a significant project and will be a catalyst in developing further activity in Merchant Park itself (a further 35 acres with an estimated 500 jobs) as well as in the wider Newton Aycliffe and County Durham areas.

Skills development is a particular area of concern in County Durham, and also in the UK. It is recognised by several associations, such as the IET, the Engineering Employers Federation, SEMTA the Sector Skills Council, the Royal Academy of Engineering, the Institute of Physics and others, that there are not enough skilled scientists and engineers available to meet the forecasted needs. The arrival of HRE and Compound Photonics, along with the continued success of NETPark, highlights this issue for the County particularly. It is recommended that a further paper is submitted to Cabinet investigating this in more depth, outlining actions already underway and making recommendations, as appropriate, to ensure that County Durham is well-positioned for future inward investment opportunities, and that indigenous companies' growth plans are not held back by the lack of a skilled workforce.

Decision

The Cabinet noted the report and agreed to the development of an integrated, targeted and proactive process to build upon existing and future inward investment opportunities.

Non Residential Car Parking Standards

Summary

The Cabinet considered a report of the Corporate Director, Regeneration and Economic Development which set out the background to parking standards used by the County Council for non-residential development and proposed a change to the current guidance to developers. The report recommended that the current guidance is withdrawn and new guidance is approved and adopted. The new standard will be incorporated into the emerging County Durham Plan together with residential parking standards approved in 2013 and adopted as Council Policy.

The County Council published guidelines for maximum parking standards in the Accessibility & Parking Guidance document produced in 2001. Those guidelines are used by developers for the design of new development and by officers to assess suitability of parking provision for new development. The 2001 guidelines were prepared in accordance with a policy approach set out in Planning Policy Document 13 (PPG13). This aimed to reduce reliance on car use by promoting more sustainable forms of transport. PPG13 advocated 'maximum' parking standards for new development in an attempt to restrict private car use.

A revision of PPG 13 was published in 2011 which deleted the statement claiming that reducing parking supply is essential to promote sustainable travel choices. Furthermore, the new National Planning Policy Framework (NPPF) was published in March 2012, which superseded guidance offered in PPG 13.

In light of the above changes, it is considered that any planning appeal to a refusal, on the grounds of parking provision under the current policy, may be difficult to defend and justify to a Planning Inspector.

The NPPF guides authorities to take a more pragmatic view at the local level when considering setting parking standards. It is recommended authorities consider:-

- the accessibility of the development;
- the type, mix and use of development;
- the availability of and opportunities for public transport;
- local car ownership levels; and
- an overall need to reduce the use of high-emission vehicles.

The revised parking standards will continue to impose a maximum provision at non-residential developments destinations to assist in encouraging more sustainable travel. Different parking standards will apply depending on locality and accessibility to other forms of transport.

The guidelines also assist developers in setting out requirements for the provision of electric vehicle charging infrastructure, car sharing bays, cycle and motorcycle parking and the need for public transport provision with developments.

A full consultation exercise was undertaken with developers and their transport consultants, Durham Constabulary, Planning and Neighbourhood Services. Amendments to the draft were made where appropriate to reflect opinions and concerns of most consultees.

Decision

The Cabinet noted the contents of the report and approved the revised Parking and Accessibility Guidelines for non-residential developments.

Impact of public sector funding and policy changes on the economy of County Durham – Report of Members’ Reference Group

Summary

The Cabinet considered a report of the Assistant Chief Executive which presented the findings and recommendations of the Economy and Enterprise Overview and Scrutiny Committee Members’ Reference Group looking at the impact of public sector funding and policy changes on the economy of County Durham.

The Reference Group had been established as a result of members’ concern at the changes in policy and funding being introduced by Government and how these changes would impact upon the economy of County Durham.

The key findings of the Members’ Reference Group are identified in the appendix 2 which resulted in the formulation of the following recommendations:

- That Durham County Council and partners continue to monitor the impact of changing policy and funding reductions on the economy of County Durham,

identify concerns and opportunities and take these into account as part of the priority development processes.

- That the Economy and Enterprise Overview and Scrutiny Committee receive as part of the six monthly systematic review of the recommendations contained in the Scrutiny Review report information of developments and key economic issues from the County Durham Economic Partnership Data Management Group.
- That Durham County Council and partners consider the right balance in pursuing interventions that address need and deprivation within the County and opportunity, ensuring that any concerns influence priority actions.
- That Durham County Council and partners undertake a coordinated approach to maximise opportunities and benefits for County Durham presented through the North East LEP, North East Strategic Economic Plan and the EU funding programme 2014-2020 (Durham €157 million as a Transition Region) for our residents, communities and businesses helping to give them the right tools and support to access employment and economic growth opportunities.
- That the Economy and Enterprise Overview and Scrutiny Committee as part of the Committee's work programme for 2014/15 continue to receive update reports in relation to the progress of the EU funding programme 2014-2020.
- That a review of this report and progress against recommendations will be undertaken six months after the report is considered by the Economy and Enterprise Overview and Scrutiny Committee at the meeting on the 7th April, 2014.

The Regeneration and Economic Development (RED) Service Grouping welcomed the opportunity to undertake this piece of work with the Reference Group to consider the implications of changes to government policy and funding on the economy of County Durham. The scope of the work and discussions with Members has highlighted the key issues, challenges and opportunities facing the county. Financial pressures facing the wider public sector and councils like Durham has had impact upon the services provided. As a Service Grouping, the Service will continue to assess the implications of policy and funding changes in the approach to service design and delivery.

Decision

The Cabinet noted the recommendations in the report and agreed to formulate a response within a six month period for the systematic review of recommendations.

NHS and Public Health Reform

Summary

The Cabinet received a report of the Corporate Director, Children and Adults Services which provided an update on recent regional and national developments related to NHS and public health reform since the last report was presented to Cabinet on 22 January 2014. Cabinet agreed to receive quarterly update reports

for a period of 12 months, from April 2013, on developments related to NHS and public health reform. In future, a Health and Wellbeing Board Annual Report will be developed and presented to Cabinet. The report will identify progress made in the first year and this will be presented to the Board at its meeting in July, the report will then progress to Cabinet.

Decision

The Cabinet agreed to receive the Annual Report of the Health and Wellbeing Board in September 2014.

Colette Longbottom
Head of Legal and Democratic Services
9 May 2014